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Romanian spring crops withered by heat and drought

Report Categories:

Grain and Feed

Oilseeds and Products

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Report Highlights:

Weather damaged spring crops registered declines between 30-50 percent as harvest finishes nearly a month earlier than normal. Danube River terminals found the drought reduced water flow critically low in August-early September not as onerous as it allowed greater time to source commodities to fulfill contracts. Low river flow prevented and generally slowed commodity movement to Constanta, the country's main Black Sea terminal port, during this period. Domestic support meant to compensate the drought effects and rising production costs provided little satisfaction to commercial producers.

General Information:

Corn

Despite the promising start in May, when abundant rainfall significantly enhanced soil moisture levels, corn production deteriorated as the growing season progressed. The hot, dry days in June-July coincided with the critical pollination period and had a clear impact on ultimate development of kernels per ear. The very dry conditions spurred variations in yields from area to another, even from one plot to another, despite the fact that farmers applied the same technology and inputs on the fields.

Farmers applying irrigation achieved 7-8 MT/HA. On non-irrigated land yields dropped below 2 MT/HA. In isolated areas, farmers who had applied water conservation practices were able to achieve relatively modest yields on non-irrigated acreage. Timing of planting also influenced crop success. For example, corn performed better in some areas planted earlier in the spring compared to areas planted during expert defined "optimal" planting period, as pollination occurred when conditions proved more favorable. Due to heat and dryness most corn reached maturity much earlier than normal, with harvest starting about one month early this year.

Due to the unfavorable growing environment the corn crop is revised downward to 6.1 million MT in 2012, or a drop of 42 percent as compared to the previous year. Producers across the southern and eastern production region report loss in the 30-50 percent range. Total production declined though acreage had expanded in the spring by 3.7 percent, from 2.589 to 2.685 million HA. Initial harvest results show the average yield to be about 2.3 MT/HA, a fall from 4.1 MT/HA a year earlier. The Ministry of Agriculture (AgMinistry) has not released any official preliminary figures on the corn harvest to avoid creating any disturbances in the local market.

Sunflower Seeds

Rapeseeds poor winter survival performance encouraged farmers to replant part of the winter-killed acreage to sunflower, leading to an expansion in planted acreage of approximately 11 percent (1.1 million HA). Romania's drought affected the sunflower crop to a lesser extent than corn, as production is estimated down only by about 25 percent. Production is anticipated at 1.38 MMT, which is equivalent to an average yield of 1.23 MT/HA, compared to 1.8 MT/HA recorded in 2011. While sunflower heads were generally smaller in size, the plant density per HA compensated for the loss in weight. This year's production is expected to be sufficient to cover both domestic crush requirements and foreign (export) demand.

Similarly to corn, dryness and heat accelerated the maturation process. Harvesting started in early August, two weeks earlier than normal. Initial harvest results indicated lower oil content, not more than 37-38 percent, but as the harvest advanced the aggregate crop oil content approached normal levels.

Winter Crops

Wheat production remains at 4.95 Million MT (versus 7.1 MMT in 2011) while barley production remains at 0.96 MMT (versus 1.3 MMT in 2011). Wheat exports are expected to fall to 1.6 million MT, about 25 percent lower than the previous year. Romania's price competitiveness remains strong however, as in September it was awarded contracts for about 300,000 MT of wheat for Egypt.

The rapeseed crop was drastically affected by the harsh winter with, almost three quarters of the acreage replanted in the spring. Total rapeseed acreage plunged from 360,000 HA planted in the fall to 91,000 HA by the spring. Production is estimated at 140,000 MT, versus 750,000 MT last year. Average yield was about 16 percent lower than the excellent yields recorded in 2011. Given the diminished supply, exports are unlikely to exceed 15 percent of last year's volume of 600,000 MT. Domestic crush demand will likely require some imports in order to be satisfied.

Danube River Situation

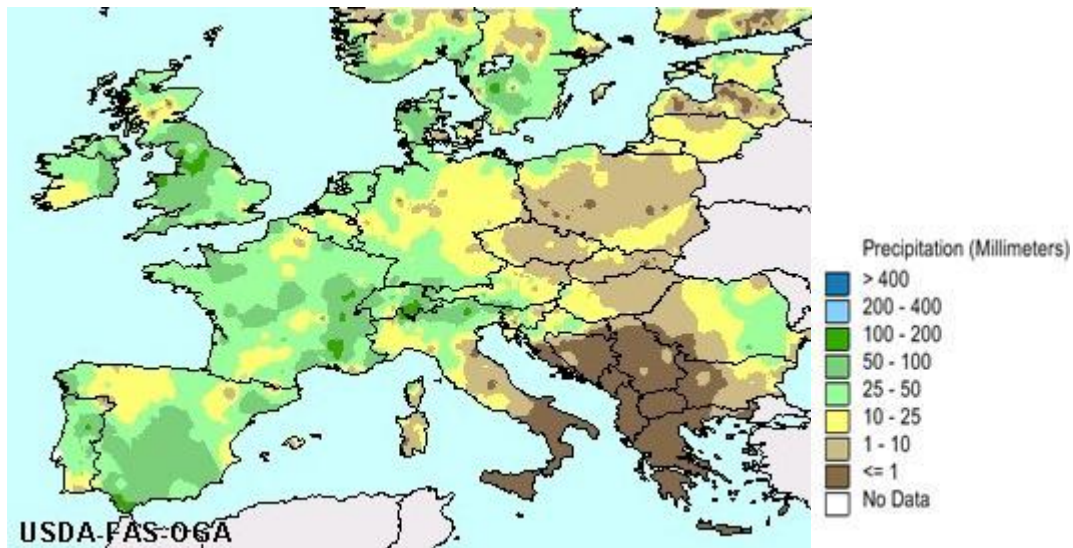
The droughts' impact on the Southeast European region manifested as severely reduced inflow into the Danube River basin resulting in barges and ships flow with difficulty in the southern river area for nearly three weeks in August. By mid-September, water flow had increased to 2.5 meters at the Ruse terminals, up from 1.5 meters recorded in the 1st week of September. Romania dredged the main river channel at several points west of this location to enable light barge traffic to continue from upstream. In late-September several Bulgarian terminals east of this location remained inaccessible as Bulgarian authorities had not contracted for their dredging. Bulgarian producers, in turn, transported commodities overland to export terminals in Varghas and Burgas. By mid-September Romania's Constanta port remained near on target regarding the volume of grains and oilseeds transiting the port, in part due largely to earlier arrival of grains and oilseeds from upriver suppliers in Hungary and Serbia. Nevertheless, given the lower available supplies in Romania and the above-mentioned countries, traders expect the volume of commodities transiting Constanta Port to fall significantly in comparison to the previous year.

Crop perspectives in 2013

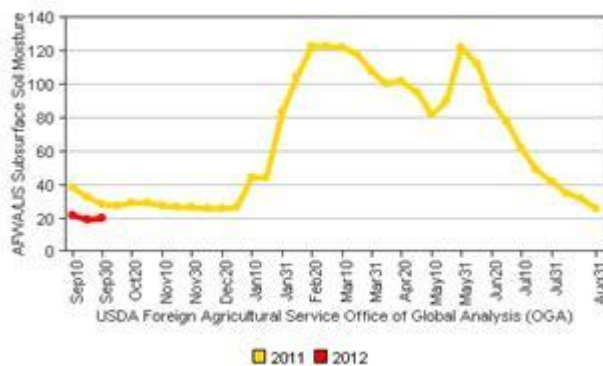
Satellite imagery shows a fair improvement in soil moisture as a result of precipitation during the third week of September throughout the country (please see below the graph). Nevertheless, the long-awaited precipitation was insufficient to replace depleted soil moisture levels, thus the subsurface soil moisture remains notably under level registered last year. Although the images below pertain only to two regions in Romania, the situation is similar throughout the country.

Europe

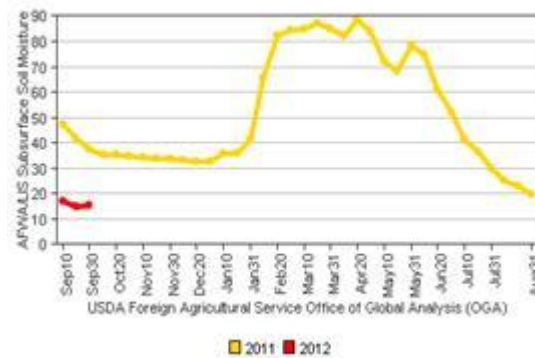
AFWA/LIS Precipitation (September 21 –30, 2012)



AFWALIS Subsurface Soil Moisture in Walachia, Southern Romania



AFWALIS Subsurface Soil Moisture in Moldavia, Eastern Romania



Given the current dryness, farmers in many regions are finding it very difficult and costly to sow winter crops (rapeseeds, wheat, and barley). Under these conditions, water conservative agriculture practices, with minimum till, are being adopted at an increasing rate among farmers. In case of rapeseed, the optimal timeframe for sowing was the end of August. Farmers who were able to prepare the land and sow their rapeseeds benefitted by the September rainfall as it created good conditions for seed germination. Nonetheless, many farmers find rapeseed too risky crop, especially after the experience of this past year, and are adjusting their crop structure in favor of spring crops. Rapeseeds planted acreage, as a consequence, is projected to decline by 45 percent compared to the previous year.

Wheat sowing is ongoing and recent precipitations will help ensure good germination conditions prior to

winter's arrival. Wheat acreage is expected to be similar to last year (1.9 million HA).

Domestic support

During the summer, when the drought effects became certain, the AgMinistry assured farmers they will receive compensations for income loss under the scheme of *minimis aid*. In September, however, the Romanian Government limited the minimis aid at 100 RON/HA (about 30 USD/HA) to small farmers (1-10 HA), regardless the farm's crop structure or magnitude of loss. The AgMinistry estimates that about 600,000 farms (commercial and non-commercial), cultivating 1.9 million HA (23 percent of the total arable land), will apply for this form of compensation. This measure was strongly criticized by the farmers' associations, who perceive this subsidy more as a populist message in advance of the December Parliament election, rather than as an incentive for increasing the producer's competitiveness.

On the other hand, direct payments to farmers are expected to be disbursed earlier in the fall than in previous years. The maximum level that AgMinistry allocated for this purpose is 170 EURO/HA, of which 120 EURO is funded from EU (SAPS) and 50 EURO/HA is funded by the national budget. While admitting this level is higher than last year, agricultural producers demand the AgMinistry to raise the national payment component up to 100 EURO/HA in order to compensate part of their rising production costs.

Related reports: [Drought in Romania Lessens Danube River transportation](#)
[Corn and Sunflower crops Affected by Persistent Drought](#)